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therefore, practically no new conclusions to be drawn from this part of the study.

The bibliography is, perhaps, somewhat more impressive than substantial, owing to the fact that so many of the references are to slight, ephemeral tracts, the "fliegende Blätter" of the day. And yet one finds thrust into the midst of these ephemerals the apparently casual reference to "*Blackwood's Magazine*, 1817-1914." The old familiar faces are here, the well-known writers on social, political, and economic affairs in the Restoration and Queen Anne periods, along with many new ones. It may be noted that among the modern secondary sources Traill's *Social England* finds no place. Has it nothing to offer on this subject? On the whole, the same thoroughness that characterized the early chapters is found here also, and the result is an excellent bibliography.

This is, then, a useful book, for the economist and the historian. The essential part of the work, the real contribution, seems carefully and thoroughly done. A too particular critic might be annoyed by certain quaintnesses, not to say awkwardnesses, in style, by numerous paragraphs and sentences that lack logic and coherence, and by a formality and inflexibility frequently apparent. But, in order to judge the writer fairly, one must realize how difficult a task it is to manage such a mass of heterogeneous detail. It may be enough, perhaps, to be clear and convincing in the general effect, without displaying all the graces and amenities of literary exposition.

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*American Banking.* By H. PARKER WILLIS. Chicago: La Salle Extension University, 1916. 8vo, pp. xi+361. \$2.00.

This volume presents a concise description and analysis of contemporary commercial banking with especial emphasis upon the federal reserve system. Fundamental principles are stated and explained without unduly burdening the reader with dates or statistics. Herein one may find the most satisfactory interpretation that has yet been written of the provisions of the Federal Reserve act. The author has been in intimate touch at Washington with the steps taken to formulate and apply the act, and this familiarity, coupled with his own well-known journalistic style, renders the chapters particularly pleasing to the reader.

The relative amount of space devoted to the different topics is well proportioned. After an introductory discussion of the functions of a bank and the different kinds of banks, the principles of banking are developed in a logical sequence from loans through deposits to bank notes and exchanges (chaps. i-ix, 132 pages). Problems of administration, reserves, and balance sheets receive proper mention (chaps. x-xii, 52 pages). The philosophy of government regulation of banking (chap. xiii, 20 pages) and a brief history of banking in the United States (chaps. xiv, xv, 35 pages) prepare one for a proper appreciation of the author's analysis of the Federal Reserve act and its probable operation in the future (chaps. xvi-xix, xxi, 94 pages). Comparisons with foreign experience are provided by a description of the banking systems of England, Scotland, France, Germany, and Canada (chap. xx, 23 pages).

The Federal Reserve act is not reprinted, but the author's careful and appreciative analysis is more than a mere substitute. He treats of the history of the act, its essential features, the sources of its provisions, the Federal Reserve Board and its form of organization for administration, government finances in relation to the reserve system, the regional character of the banks, the economic benefits secured by the act, the control of panics and the prevention of crises, the relation of state banks to the system, the future of commercial paper, acceptances, foreign branches, and the possibility of developing dollar exchange.

A few quotations will suffice to indicate the more important views and opinions of the author. As to its sources, the act is viewed as " . . . the product of a lengthy course of development and has grown gradually out of the discussion and analysis of the past twenty years" (p. 250). "By many the new law is regarded as a partial copy of, or plagiarism from, the Aldrich bill; and that view has been widely expressed both in and out of Congress" (p. 251). "The theory and purpose of the new act are widely different from those of the Aldrich bill" (p. 252). " . . . the act as a whole is based upon a conception and plan entirely its own, . . . and includes several important innovations . . . admittedly significant, not to say necessary, to any thorough reorganization upon sound principles" (p. 253). However " . . . the original House bill, for strategic purposes, retained wherever it could safely do so the language of the Aldrich bill as regards banking technique" (p. 252).

The act will accomplish the end sought when "it leaves banking as such to be practiced by bankers; [and] it vests the control of banking in the hands of government officers" (p. 252). "Local control of banking,

local application of resources to necessities, combined with federal supervision, and limited by federal authority to compel the joint application of bank resources to the relief of dangerous or stringent conditions in any locality, are the characteristic features of the new plan" (pp. 280-81). "The general management of the new system has wisely been taken, in part, out of the hands of bankers; and has been placed, in a measure, in those of men representing commerce, industry, and agriculture. This is not because of distrust of bankers . . . . It is due to a feeling, everywhere recognized, that the industrial portion of the community should be given a voice in the management of the commercial credit of the nation, and that banking is, in its highest and best sense, a semi-public function . . . [and] . . . , like transportation is no longer to be considered solely a private money-making industry" (pp. 294-95).

The author defends the establishment of regional banks by analogy with the conditions in Europe, saying: "So far as area is concerned, then, there would be room in the United States for a number of institutions corresponding to the total number of central banks throughout the European continent. . . . It is a fact that no such extent of territory as the United States is dealt with by a single central bank" (pp. 281-82). "The federal reserve system, with its series of reserve holding institutions, therefore, does in fact correspond much more nearly to European practice than a single central institution with branches would have done" (p. 282).

The system will prevent panics even if the state banks do not join, for " . . . Every institution, whether a member of the reserve system or not, will get the benefit of the improved situation" (p. 298). And he predicts that "single-name paper will no doubt maintain itself in the United States . . . ." (p. 46) because commercial paper has received a new definition. "The real test is whether the aggregate of the loans and receipts of the concern are intended to be used for, and are in fact used to anticipate, income from the claims that will mature within a short time. If such is the case, the concern is in a liquid condition and its paper may fairly be discounted as commercial paper" (p. 44). He advocates branch banking (p. 321) and has no confidence in the efficacy of guaranty of bank deposits (pp. 175-76). The last chapter concludes with an up-to-date discussion of the banking problem of financing exports to Europe under present conditions.

This volume has been designed for use as a textbook without further reading, for it has no bibliographical references whatsoever. (There is but one footnote.) At the end of each chapter there are about ten

questions. These questions are of the simpler variety, not designed to stimulate original thought upon the problems of banking science, but merely to act as a test of the reader's knowledge concerning the content of the respective chapters. There is a satisfactory index.

The treatment of domestic and foreign exchange (chaps. vi, vii) is unnecessarily involved. The financing of foreign trade is admirably described, but the factors determining the rate of exchange are not carefully worked out nor clearly stated. The bank statement reprinted on p. 183 (chap. xii) omits such important items of current reports as "stock in federal reserve bank," "customer's liability under letters of credit," "customer's liability account of acceptances by this bank based on imports and exports only" and "acceptances based on imports and exports." Some minor errors also appear in this chapter.

It may well be questioned whether: (1) the gold reserve held to redeem federal reserve notes has ever been as low as 10 per cent (p. 103); (2) national bank notes will be converted into *federal reserve notes* (p. 99); (3) "the more important" clearing-houses generally accept for clearance checks on out-of-town and distant banks (pp. 114-15, 117); (4) there is any relationship between the capital and the reserve of a bank so that they should be "classed" together (p. 152); (5) national or other banks never predict the dates for comptroller's calls (p. 195); (6) the usury laws never restrain nor restrict the exploitation of the needy (p. 200); (7) there was never more than *one* national currency association (p. 238). It is to be regretted that no distinction is made between clearing-house certificates and clearing-house loan certificates (pp. 123, 236). Despite these and other minor errors, the book will fill its obvious purpose—to introduce the American business man or academic student to the essence of modern banking with especial reference to the federal reserve system of the United States.

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*Holders of Railroad Bonds and Notes: Their Rights and Remedies.*

By LOUIS HEFT. New York: E. P. Dutton & Co., 1916. Pp. xvi+419. \$2.00.

This is a discussion of the legal rights and remedies of the holders of railroad bonds and notes, intended primarily for the investor who wishes to know what his rights are. It is a statement of the law without the discussion of cases. While not written from the economic standpoint at all, it may be of interest to teachers who conduct elementary courses in corporation finance.